Approved For Release 2002/29 : CIA-RDP79S01011A001000990036-1001 Security Information 4-2509 Mis is an excellent Stolement CONFIDENTIAL

16 June 1953

passed to us,

MEMORANDUM TO:

FROM

SUBJECT

Germany

25X1A6b

ONE

1. The following is from OSI's Teleconference with this morning:

25X1A6b

1. REVERSE OF POLICY-OR TACTICS-IN E. GERMANY APPEARS TO BE UNIQUE IN SOV ANNALS. ITS MAGNITURE AND DARING IS ALARMING. TO REGARD IT AS A MERE ROUTINE UPSET WOULD BE HIGHLY DANGEROUS HAVING ORDERED SUCH FAR REACHING CHANGE OF COURSE, KREMLIN CAN NOT RPT NOT BE EXPECTED TO STOP THERE. WOULD NOT BE SURPRISED IF FURTHER SENSATIONAL MOVES WERE ANNOUNCED.

- 2. BELIEVE THAT, WHILE ALSO DIRECTED TOWARD W. GERMAN VOTERS, NEW MEASURES HAVE A FAR MORE SINISTER ASPECT. KREMLIN PROBABLY ASSUMES THAT MERE DIVERSIONARY MANEUVERS INSUFFICIENT TO PREVENT W. GERMANY TO REMAIN UNDER WESTERN INFLUENCE NO MATTER WHETHER OR NOT ADENAUER REMAINS IN POWER. HOWEVER, WE CONVINCED THAT THOUGHT OF REARMED GERMANY EXTREMELY PERTURBING TO SOVS TO EXTENT WHERE THEY WOULD MAKE SUCH CONCESSIONS THAT WERE NECESSARY TO CLEAR THE WAY TOWARD THEIR MOST IMPORTANT OBJECTIVE: TO GET US OUT OF EUROPE.
- 3. TO ACHIEVE THIS GOAL, UNIFICATION OF NEUTRALIZED GERMANY MUST BE ACCOMPLISHED. FOR ONCE THE COMMIES DO NOT LIE WHEN THEY OPENLY ADMIT THAT MEASURES IN E. GERMANY SHOULD HELP ACHIEVEMENT OF UNIFICATION. INASMUCH AS SOVS MUST REALIZE THAT SUCH UNIFICA-TION PRESUPPOSES CONCESSIONS TO WEST, BELIEVE POSSIBLE THAT CON-CESSIONS WILL BE MADE AND GERMANY GRANTED FREE ELECTIONS PROVIDED U.S. AT LEAST OBLIGATES ITSELF TO QUIT GERMANY AND AT MOST ALSO GIVE UP RING OFAIR BASES.
- 4. THUS BELIEVE IT PROBABLE THAT RECENT MOVES SEEK TO PRE-PARE GROUND FOR EQUALIZATION OF ZONES, AT LEAST TO A DEGREE, THAT WOULD NOT MAKE IT IMPOSSIBLE FOR FREE ELECTIONS TO TAKE PLACE. CONSIDER ALL SUCH CONSEQUENCES AS CUTTING FLOW OF REFUGEES BY-PRODUCT.

KREMLIN FEARS NOTHING AS MUCH AS REARMED, INDUSTRIALLY STRONG WEST GERMANY. IF UNIFICATION WOULD NEUTRALIZE GERMANY AND TIE IT COM-MERCIALLY TO THE EAST BY OPENING NEW MARKETS SUCH AS COMMERCIALLY COMPETING WEST CANNOT GRANT, IF U.S. WOULD QUIT GERMANY (AND THERE-FORE EUROPE), IF NATO WOULD SEEM TO HAVE NO LONGER REASON FOR

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NO CHANGE IN CLASS. [] DECLASSIFIED CLASS. CHANGED TO: TS SO 1991

DATE 5 FEB &L REVIEWER 1_018557

Approved For Release 29: CIA-RDP79S01011A001000090036-1

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EXISTENCE AND VANISH WITHOUT MUCH PUSHING, --THEN ENTIRE QUESTION OF PRESENTLY DISPUTED TREATIES BECOMES SUPERFLUOUS. ONCE U.S. WITHDRAWS, USSR WILL REMAIN MASTER OF EUROPE. IT MAY HAVE LOST TIME SOVIETIZING GERMANY BUT TIME IS NO OBJECT FOR COMMIES. ALSO SOVIETIZATION IN EE SATELLITES WILL HAVE PROGRESSED RELENTLESSLY. THE KREMLIN MAY THEN TRY TO STAGE A REVOLUTION IN GERMANY BUT EVEN IF IT DOES NOT, IT CAN PROBABLY MANAGE TO KEEP A GERMANY WITHOUT PHYSICALLY PRESENT U.S. SUPPORT NEUTRALIZED FOR INDEFINITE PERIOD.

- THAT SOVS WILL NEVER GIVE UP E. GERMANY. INTELIGENCEWISE, THIS POSITION HAS PRODUCED CERTAIN ONE-SIDEDNESS MAINLY BECAUSE TERM "GIVE UP" HAS NOT BEEN DEFINED IN TERMS OF TIME. IN LONG RUN, SOVS WILL OF COURSE NOT GIVE UP E. GERMANY. IN SHORT RUN THEY MIGHT OSTENSIBLY DO SO. STALIN POLICY HAS LED KREMLIN INTO DEAD END ROAD. NEW RULERS MAY WELL HAVE DECIDED THAT DRASTIC CHANGES ARE DUE SINCE STALEMATE LEADING TO WEST'S CONSOLIDATION IN GENERAL AND W. GER-MANY'S REARMAMENT IN PARTICULAR. DON'T BELIEVE SOVS WOULD QUIT GERMANY UNLESS WE DO SAME, BUT CONSIDER IT DANGEROUS TO REMAIN SO INFLEXIBLE IN OUR ESTIMATES THAT WE RULE OUT CONTINGENCY OF SOV WITHDRAWAL OFFER FROM GERMANY. NOR SHOULD WE OVERLOOK FURTHER SOV "CONCILIATORY" MOVES IN AUSTRIA MADE FORSOMEWHAT DIFFERENT REASONS.
- 6. CONSEQUENCES OF SUCH SCHEMES ARE INCALCULABLE. IF WE RE-FUSE TO PARTICIPATE IN FOUR POWER TALKS, WE'LL BE IN BAD WITH EAST AND WEST. IF WE CONSENT AND REJECT SOV CONCESSIONS, WE'LL BE IN BAD TOO. WE FIND OURSELVES CORNERED AND NEED ALL OUR INGENUITY TO FIND A REASONABLY GOOD WAY OUT OF DILEMMA. THIS IS REASON WHY IM-PORTANCE OF NEW MOVES CAN HARDLY BE OVERESTIMATED.